Product Support Business Model - PM/PSM/PSI/PSP Responsibilities

RETARY



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Materiel Readiness- Strategies and Plans Branch

PSM Spring Conference 05 June 2012



Product Support Business Model



"A model template for a weapon system support strategy that drives cost-effective performance and capability for the Warfighter across the weapon system life cycle and enables most advantageous use of an integrated defense industrial base"



Impetus For Change



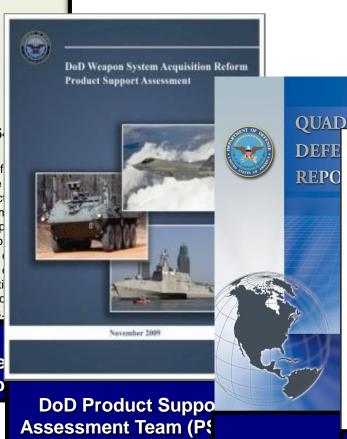


Weapon S **Acquisition** (Public Law 111-2

111TH CONGRESS 1ST SESSION H. R. 26 AN ACT

To authorize appropriations for f 2010 for military activities of the of Defense, for military construct defense activities of the Departn of Energy, to prescribe military p strengths for such fiscal year, to special pays and allowances to members of the Armed Forces, concurrent receipt of military reti VA disability benefits to disabled retirees, and for other purposes.

Section 805 Life Cycle Manage **And Product Sup**



Report

QUADRENNIAI

OFFICE OF THE UNDER SECRETARY OF DEFENSE

SEP 14 200

MEMORANDUM FOR ACQUISITION PROFESSIONALS

SUBJECT: Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in

On June 28, I wrote to you describing a mandate to deliver better value to the taxpayer and warfighter by improving the way the Department does business. I emphasized that, next to supporting our forces at war on an urgent basis, this was President Ohama's and Secretary Gates' highest priority for the Department's acquisition professionals. To put it bluntly: we have a intinuing responsibility to procure the critical goods and services our forces need in the years ahead, but we will not have ever-increasing budgets to pay for them. We must therefore strive to achieve what economists call productivity growth: in simple terms, to DO MORE WITHOUT MORE. This memorandum contains specific Guidance for achieving the June 28 mandate

Secretary Gates has directed the Department to pursue a wide-ranging Efficiencies Initiative, of which this Guidance is a central part. This Guidance affects the approximately \$400 billion of the \$700 billion defense budget that is spent annually on contracts for goods (weapons, electronics, fuel, facilities etc., amounting to about \$200 billion) and services (I) services, knowledge-based services, facilities upkeep, we transportation, etc., amounting to about another \$200 billion). We estimate that the efficiencies targeted by this Guidance can make a significant contribution to achieving the \$100 billion redirection of defense budget dollars from unproductive to more productive purposes that is sought by Secretary Gates and Deputy Secretary Lynn over the next five years

Since June, the senior leadership of the acquisition community - the Compo Acquisition Executives (CAEs), senior logisticians and systems command leaders, OSD officials, and program executive officers (PEOs) and program managers (PMs) - has been meeting regularly with me to inform and craft this Guidance. We have analyzed data on the Department's practices, expenditures, and outcomes and examined various options for changing our practices. We have sought to base the specific actions I am directing today on the best data the Department has available to it. In some cases, however, this data is very limited. In these cases, the Guidance makes provision for future adjustments as experience and data accumulat so that unintended consequences can be detected and mitigated. We have conducted some preliminary estimates of the dollar savings anticipated from each action based on reasonable and gradual, but steady and determined, progress against a clear goal and confirmed that they can

DoD Better Buying Power

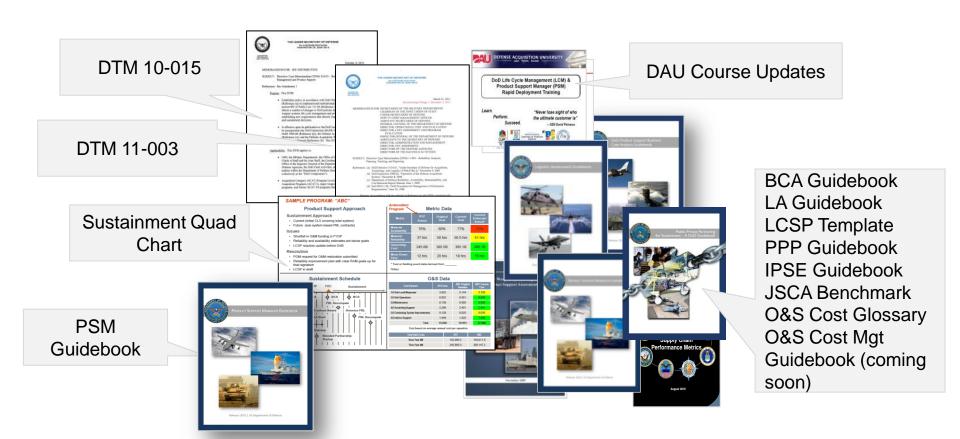
DoD Quadren Review



Enabling The Product Support Business Model



Robust policy, processes, guidance and tools to drive next generation product support





Developing and Delivering Effective and Affordable Product Support



- The O & S Cost Guide provides a standardized analytic method for assessing O&S costs including standardized cost terms and definitions.
- The Product Support BCA aids decision making process by comparing alternatives; examining benefits, risks, and sensitivities.
- The Product Support Manager's Guidebook develops the PSBM and provides guidance on how to develop and execute an effective and affordable product support strategy.
- The LCSP captures requirements, planning, and documentation that comprise the product support strategy





PM, PSM, PSI/PSP



Who are they and what they are supposed to do?



Affordably Deliver War Fighter Effectiveness



Program Manager





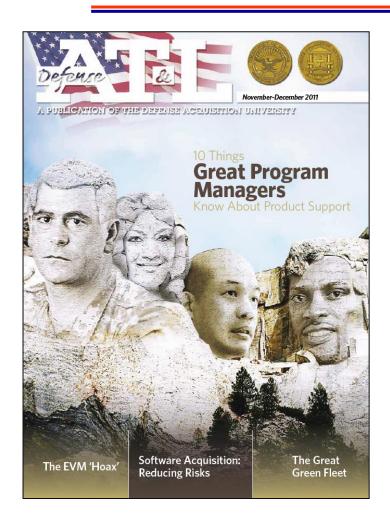
- "The PM shall be the single point of accountability for accomplishment of program objectives for total life cycle systems management, including sustainment" (DoDD 5000.01)
- "The PM, as the life-cycle manager, is responsible for accomplishing program objectives across the life cycle, including the Operations &Support (O&S) phase." (DAG, ch. 5)
- "Life Cycle Management is the implementation, management, and oversight, by the designated Program Manager (PM), of all activities associated with the acquisition, development, production, fielding, sustainment, and disposal of a DOD system across its life cycle." (JCIDS Operation Manual)

PM Is Responsible For System Acquisition And Follow-on Sustainment Objectives



Ten Things Great PMs Know About Product Support





- 10. "I'm the life cycle manager (LCM): The product support buck stops with me."
- 9. The right Product Support Manager (PSM) is key. Demand excellence & accept nothing less.
- 8. Everything that really matters can be captured on a single page .
- 7. Design systems with supportability in mind.
- Product support strategies must be iteratively crafted, revalidated, & documented.
- 5. Twelve new Integrated Product Support (IPS) elements provide the framework.
- 4. Obsolescence & DMSMS will eat your lunch (along with breakfast & dinner if not careful).
- 3. Performance Based Logistics (PBL) is a powerful force multiplier.
- 2. Maintenance planning and management is a big deal. So is supply chain management.
- 1. Acquisition and sustainment are ultimately two sides of the same coin.



Product Support Manager





- Develop and implement a comprehensive product support strategy
- Conduct appropriate cost analyses to validate the product support strategy (BCA)
- Assure achievement of desired product support outcomes through product support arrangements
- Optimize implementation of the product support strategy (i.e. balance war fighter effectiveness and affordability - PBL)
- Periodically review product support arrangements between PSIs and PSPs for consistency with the overall product support strategy
- Prior to changing the product support strategy or every five years, revalidate the BCA / product support strategy

PSM Is Responsible For The Development, Implementation, And Execution Of Life Cycle Sustainment Solution



Product Support Manager – Heavy Lifter





Tools of the Trade

- Business Case Analysis
- Performance Based Agreements
- Public Private Partnerships
- Life-Cycle Sustainment Plan

SUCCESSFULLY Structure And Execute A Performance Based Product Support Strategy



Product Support Integrator/Provider





- PSI is responsible for the activities and output of one or more providers
 - May be within one product support element or across multiple elements
- May have more than one PSI as part of the support solution
 - PSI may manage other PSIs as well as PSPs
- PSI may also function as a PSP
- PSPs perform tasks or provide products within a product support element
- Perform consistent with statute and policy

PSI/PSP Selection Is A Best Value Solution Based On The Business Case Analysis

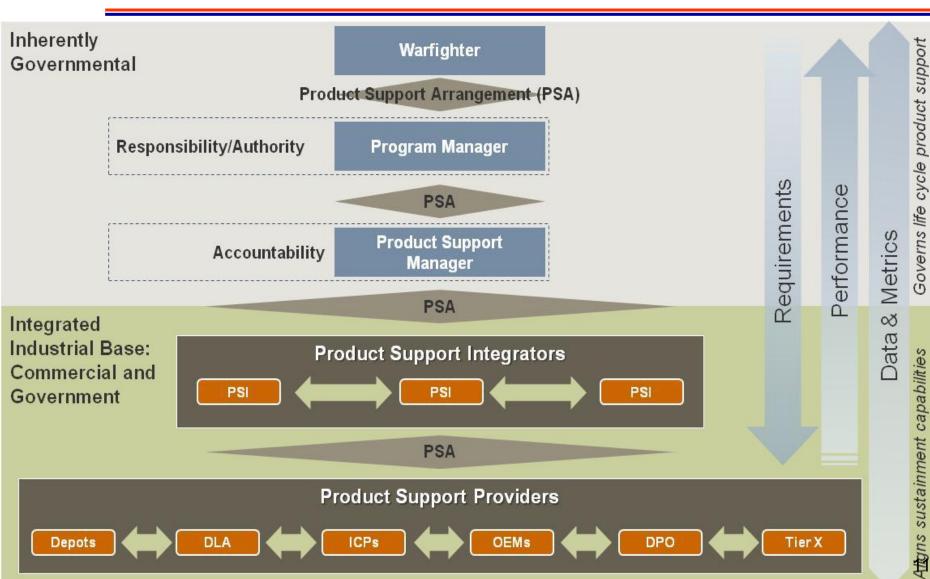


Product Support Business Model



using data-driven analysis

and executes product support





Link PS Strategy to Warfighter Outcomes



Start with the Warfighter requirements

- Materiel Availability
- Material Reliability
- O&S Cost
- Mean Down Time

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Evaluate PS alternatives

- O to D?
- Depot source of repair?
- Public private partnering?
- Basing strategy?
- R&M Growth?



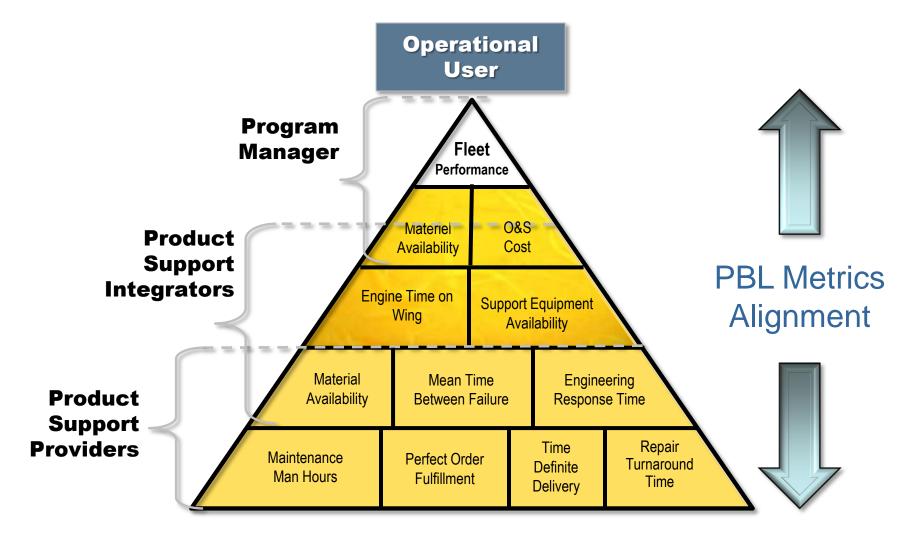
Work With The User To Document Performance And Sustainment Requirements

— Deliver Best Value Solution



Metrics Align With Business Model



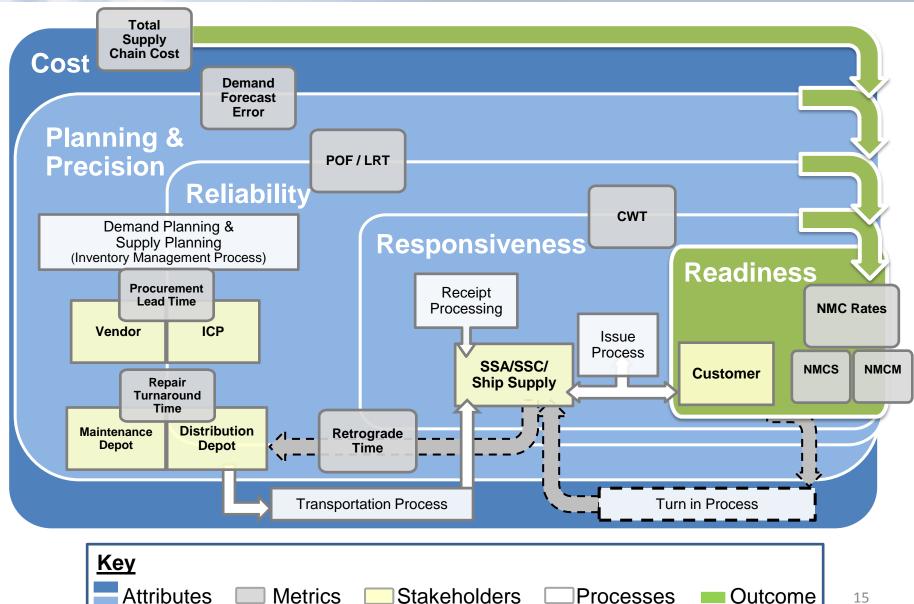




Primary Supply Chain Constraint **Desired Supply Chain** Performance Attributes Planning & Precision Targeted Customer Outcomes Reliability Responsiveness Readiness



Integrated Relationships between Core Supply Chain Enterprise Metrics (Cont.)





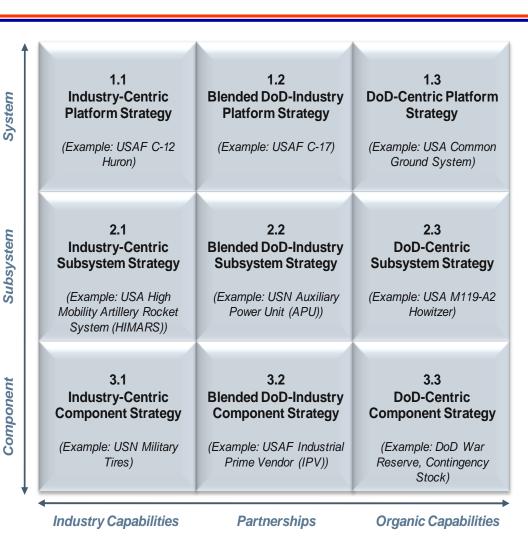
Product Support Alternatives



- Variety of combinations
- Will evolve over the life cycle

Weapon System Strategy

Organic vs.
 commercial –
 not binary
 but a
 spectrum





SUMMARY



PMs, PSMs, PSIs, and PSPs work together to:

- Create synergy leverage strengths
- Create innovative solutions
- Work with industry partner
- Drive O&S costs down
- Drive up Operational Readiness

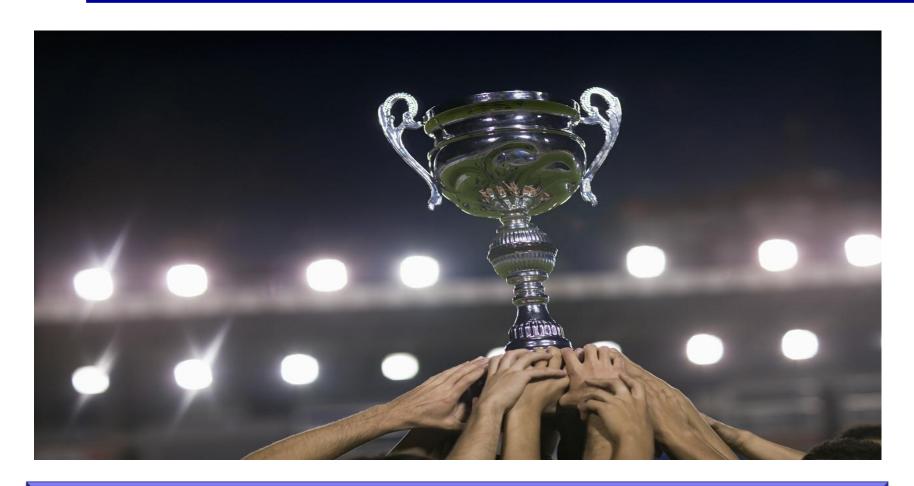


Embrace Change And Work Together To Provide Best Value Readiness To The Warfighter



Questions?





REMEMBER
PRODUCT SUPPORT IS A TEAM SPORT



Product Support Policy, Guidance, & Tools Are Available Online



DAU Acquisition Community Connection

- htttps.acc.dau.mil/log
- https://acc.dau.mil/productsupport

DASD Materiel Readiness (MR) – MR Library

http://www.acq.osd.mil/log/mr/library.html





